

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1537

To amend the Stevenson-Wydler Technology Innovation Act of 1980.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 7 (legislative day, SEPTEMBER 27), 1993

Mr. ROCKEFELLER (for himself and Mr. DECONCINI) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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## A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Technology Commer-  
5       cialization Act of 1993”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds and declares the following:

8               (1) The commercialization of technology and in-  
9       dustrial innovation are central to the economic, envi-

1       ronmental, and social well-being of citizens of the  
2       United States.

3           (2) The Government can help United States  
4       business to speed the development of new products  
5       and processes by entering into Cooperative Research  
6       and Development Agreements which make available  
7       the assistance of the Federal laboratories to the pri-  
8       vate sector, but the commercialization of technology  
9       and industrial innovation in the United States de-  
10      pends largely upon actions by business.

11          (3) Government action to claim a right of own-  
12      ership to any invention or other intellectual property  
13      developed under a Cooperative Research and Devel-  
14      opment Agreement can inhibit the establishment of  
15      such agreements with business and can prevent the  
16      commercialization of technology and industrial inno-  
17      vation by business.

18          (4) The commercialization of technology and in-  
19      dustrial innovation in the United States will be en-  
20      hanced if the ownership of any invention or other in-  
21      tellectual property developed under a Cooperative  
22      Research and Development Agreement belongs to a  
23      company or companies incorporated in the United  
24      States.

1 **SEC. 3. TITLE TO INTELLECTUAL PROPERTY ARISING**  
2 **FROM COOPERATIVE RESEARCH AND DEVEL-**  
3 **OPMENT AGREEMENTS.**

4 Section 12 of the Stevenson-Wydler Technology Inno-  
5 vation Act of 1980 (15 U.S.C. 3710a) is amended as  
6 follows:

7 (1) In the text of subsection (b) immediately  
8 preceding paragraph (1), strike “Government-oper-  
9 ated Federal laboratory, and to the extent provided  
10 in an agency-approved joint work statement, a Gov-  
11 ernment-owned contractor-operated laboratory, may”  
12 and insert “Federal laboratory shall ensure that title  
13 to any intellectual property arising from the agree-  
14 ment, except intellectual property developed in whole  
15 by a laboratory employee, is assigned to the collabo-  
16 rating party or parties to the agreement in exchange  
17 for reasonable compensation to the laboratory, and  
18 may”.

19 (2) In subsection (b)(2), strike “or in part”.

20 (3) Amend subsection (b)(3) to read as follows:

21 “(3) retain a nonexclusive, nontransferable, ir-  
22 revocable, paid-up license from the collaborating  
23 party or parties for any intellectual property arising  
24 from the agreement, and have such license practiced  
25 throughout the world by or on behalf of the Govern-  
26 ment, but shall not, in the exercise of such license,

1 publicly disclose proprietary information related to  
2 the license;”.

3 (4) Amend subsection (b)(4) to read as follows:

4 “(4) retain the right, in accordance with proce-  
5 dures provided in regulations promulgated under  
6 this section, to require a collaborating party to grant  
7 to a responsible applicant or applicants a  
8 nonexclusive, partially exclusive, or exclusive license  
9 to use the subject intellectual property in any field  
10 of use, on terms that are reasonable under the cir-  
11 cumstances, or if the collaborating party fails to  
12 grant such a license, to grant the license itself if the  
13 laboratory finds that—

14 “(A) the collaborating party has not taken,  
15 and is not expected to take within a reasonable  
16 time, effective steps to achieve practical applica-  
17 tion of the subject intellectual property in the  
18 field of use;

19 “(B) such action is necessary to meet  
20 health or safety needs that are not reasonably  
21 satisfied by the collaborating party;

22 “(C) such action is necessary to meet re-  
23 quirements for public use specified by Federal  
24 regulations and such requirements are not rea-  
25 sonably satisfied by the collaborating party; or

1 “(D) the collaborating party has not en-  
2 tered into or is in breach of an agreement made  
3 pursuant to subsection (c)(4)(B).”.

4 (5) In subsection (d)(2), strike “and” at the  
5 end;

6 (6) In subsection (d)(3), strike the period at the  
7 end and insert “; and”.

8 (7) At the end of subsection (d), insert the fol-  
9 lowing new paragraph:

10 “(4) the term ‘intellectual property rights’  
11 means—

12 “(A) in the case of government-owned,  
13 government-operated Federal laboratories, pat-  
14 ents; and

15 “(B) in the case of government-owned,  
16 contractor-operated Federal laboratories, pat-  
17 ents, copyrights, and computer chip mask work  
18 registrations.”.

19 **SEC. 4. DISTRIBUTION OF INCOME FROM INTELLECTUAL**  
20 **PROPERTY RECEIVED BY FEDERAL LABORA-**  
21 **TORIES.**

22 Section 14 of the Stevenson-Wydler Technology Inno-  
23 vation Act of 1980 (15 U.S.C. 3710c) is amended to read  
24 as follows:

1 **“SEC. 14. DISTRIBUTION OF INCOME FROM INTELLECTUAL**  
2 **PROPERTY RECEIVED BY FEDERAL AGEN-**  
3 **CIES OR LABORATORIES.**

4 “(a) IN GENERAL.—

5 “(1) Except as provided in paragraphs (2) and  
6 (4), any income received by a Federal agency or lab-  
7 oratory from the licensing or assignment of intellec-  
8 tual property under agreements entered into by Fed-  
9 eral laboratories under section 12, and intellectual  
10 property of Federal agencies or laboratories licensed  
11 under section 207 of title 35, United States Code,  
12 or under any other provision of law, shall be re-  
13 tained by the agency or laboratory and shall be dis-  
14 posed of as follows:

15 “(A)(i) The head of the agency or labora-  
16 tory or his designee shall pay to the laboratory  
17 employee or employees who have assigned their  
18 rights in the intellectual property to the United  
19 States, to the laboratory operator, or to a col-  
20 laborating party or parties to a research agree-  
21 ment an amount equal to the sum of—

22 “(I) the first \$10,000 received by the  
23 agency or laboratory from the intellectual  
24 property; and

25 “(II) 15 percent of any income re-  
26 ceived by the agency or laboratory from

1           the intellectual property in excess of the  
2           sum of the amount paid pursuant to item  
3           (I) and the value of unreimbursed research  
4           and development resources provided by the  
5           laboratory under the terms of the agree-  
6           ment.

7           “(ii) An agency or laboratory may provide  
8           appropriate incentives from royalties to labora-  
9           tory employees who contribute substantially to  
10          the technical development of licensed or as-  
11          signed intellectual property between the time  
12          that the intellectual property rights are legally  
13          asserted and the time of the licensing or assign-  
14          ing of the intellectual property rights.

15          “(iii) The agency or laboratory shall retain  
16          the income received from intellectual property  
17          until the agency or laboratory makes payments  
18          to laboratory employees under clause (i) or (ii).

19          “(B) The balance of the income shall be  
20          transferred to the agency’s laboratories, with  
21          the majority share of the royalties or other in-  
22          come going to the laboratory where the intellec-  
23          tual property originated, and the income so  
24          transferred to any such laboratory may be used  
25          or obligated by that laboratory during the fiscal

1 year in which it is received or during the suc-  
2 ceeding fiscal year—

3 “(i) for payment of not more than 15  
4 percent of such income for expenses inci-  
5 dental to the administration and licensing  
6 of intellectual property by the agency or  
7 laboratory with respect to intellectual prop-  
8 erty which originated at that laboratory,  
9 including the fees or other costs for the  
10 services of other agencies, persons, or or-  
11 ganizations for intellectual property man-  
12 agement and licensing services;

13 “(ii) to reward scientific, engineering,  
14 and technical employees of the laboratory,  
15 including developers of sensitive or classi-  
16 fied technology, regardless of whether the  
17 technology has commercial applications;

18 “(iii) to further scientific exchange  
19 among the laboratories of the agency; or

20 “(iv) for education and training of  
21 employees consistent with the research and  
22 development mission and objectives of the  
23 agency or laboratory, and for other activi-  
24 ties that increase the potential for transfer



1                   of the technology of the laboratories of the  
2                   agency.

3       All income retained by the agency or laboratory  
4       after payments have been made pursuant to sub-  
5       paragraphs (A) and (B) that is unobligated and un-  
6       expended at the end of the fiscal year succeeding the  
7       fiscal year in which the income was received shall be  
8       paid into the United States Treasury.

9               “(2) If, after payments to employees under  
10       paragraph (1), the intellectual property income re-  
11       ceived by an agency and its laboratories in any fiscal  
12       year exceeds 5 percent of the budget of the labora-  
13       tories of the agency for that year, 75 percent of such  
14       excess shall be paid to the United States Treasury  
15       and the remaining 25 percent may be used or obli-  
16       gated for the purposes described in clauses (i)  
17       through (iv) of paragraph (1)(B) during that fiscal  
18       year or the succeeding fiscal year. Any income not  
19       so used or obligated shall be paid into the United  
20       States Treasury.

21              “(3) Any payment made to an employee under  
22       this section shall be in addition to the regular pay  
23       of the employee and to any other awards made to  
24       the employee, and shall not affect the entitlement of  
25       the employee to any regular pay, annuity, or award

1 to which the employee is otherwise entitled or for  
2 which the employee is otherwise eligible, or limit the  
3 amount thereof. Any payment made under this sec-  
4 tion to any employee shall continue after the em-  
5 ployee leaves the employment of the laboratory or  
6 agency.

7 “(4) A Federal agency receiving income as a re-  
8 sult of intellectual property management services  
9 performed for another Federal agency or laboratory  
10 under section 207 of title 35, United States Code,  
11 may retain such income to the extent required to  
12 offset the payment of income from intellectual prop-  
13 erty under paragraph (1)(A)(i), and costs and ex-  
14 penses incurred under paragraph (1)(B)(i), includ-  
15 ing the cost of foreign protection of the intellectual  
16 property of the other agency. All income remaining  
17 after payment of the income, costs, and expenses de-  
18 scribed in the preceding sentence shall be trans-  
19 ferred to the agency for which the services were per-  
20 formed, for distribution in accordance with clauses  
21 (i) through (iv) of paragraph (1)(B).

22 “(b) CERTAIN ASSIGNMENTS.—If the intellectual  
23 property from which the income is derived was assigned  
24 to the Federal agency—

1           “(1) by a contractor, grantee, or participant in  
2           a cooperative agreement with the agency; or

3           “(2) by an employee of the agency who was not  
4           working in the laboratory at the time the intellectual  
5           property was originated;

6           the agency unit that was involved in such assignment shall  
7           be considered to be a laboratory for purposes of this sec-  
8           tion.

9           “(c) REPORTS.—

10           “(1) In making its annual submission to the  
11           Congress, each Federal agency shall submit, to the  
12           appropriate authorization and appropriations com-  
13           mittee of both Houses of the Congress, a summary  
14           of the amount of income received from intellectual  
15           property and expenditures made (including employee  
16           awards) under this section.

17           “(2) Not later than October 1, 1996, the Comp-  
18           troller General shall review the effectiveness of the  
19           various income-sharing programs established under  
20           this section and report to the appropriate commit-  
21           tees of the House of Representatives and the Senate,  
22           in a timely manner, the Comptroller General’s find-  
23           ings, conclusions, and recommendations for improve-  
24           ments in such programs.”.

1 **SEC. 5. AMENDMENT TO BAYH-DOLE ACT.**

2       Section 210(e) of title 35, United States Code, is  
3 amended by inserting “and the Technology Commer-  
4 cialization Act of 1993” after “Federal Technology Trans-  
5 fer Act of 1986”.

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